

# **APPENDIX - 4**

Public Law 13-56



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

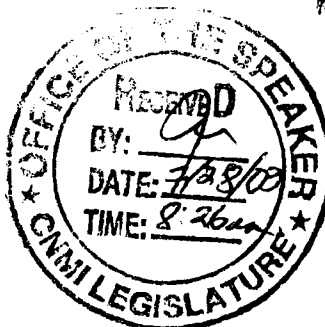
**Juan N. Babauta**  
Governor

GOV. COMM. 13-561  
(HOUSE)

**Diego T. Benavente**  
Lieutenant Governor

JUL 25 2006

The Honorable Heinz S. Hofschneider  
Speaker, House of Representatives  
Thirteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950



The Honorable Paul A. Manglona  
Senate President  
Thirteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950


Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law H.B. 13-317, HD1, entitled, "To fully fund the dialysis centers in the First and Second Senatorial Districts by appropriating account balance from the CDA assets accounts in the amount of \$2,000,000, and to fully fund the Commonwealth Prison Project by amending PL 12-64, as amended, to specify the revenue source for repayment of bond issuance and to authorize the use of any available funds to provide an alternative interim funding source; and for other purposes," which was passed by the Thirteenth Northern Marianas Commonwealth Legislature.

It is with great pleasure that I sign this measure into law in order to provide desirable funds to complete the construction of the Commonwealth Prison project and the dialysis centers for both the First and the Second Senatorial Districts. I commend the Legislature for accomplishing this compromise for the benefits of all the people of the Commonwealth.

This bill becomes Public Law No. 13-56. Copies bearing my signature are forwarded for your reference.

Sincerely,

  
DIEGO T. BENAVENTE  
Acting Governor

CC: Chairman, Commonwealth Development Authority; Secretary, Department of Finance; Secretary, Department of Public Works; Commissioner, Department of Public Safety; Secretary, Department of Health Services; Capital Improvement Projects Administrator; Special Assistant for Capital Improvement Projects; Commissioner, Marianas Public Lands Authority; and Acting Special Assistant for Programs and Legislative Review

4227 --



**HOUSE OF REPRESENTATIVES**  
**THIRTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE**

PUBLIC LAW NO. 13-56  
**H. B. NO. 13-317, HD1**

---

---

**AN ACT**

TO FULLY FUND THE DIALYSIS CENTERS IN THE FIRST AND SECOND SENATORIAL DISTRICTS BY APPROPRIATING ACCOUNT BALANCES FROM THE CDA ASSET ACCOUNTS IN THE AMOUNT OF \$2,000,000, AND TO FULLY FUND THE COMMONWEALTH PRISON PROJECT BY AMENDING PL 12-64, AS AMENDED, TO SPECIFY THE REVENUE SOURCE FOR REPAYMENT OF BOND ISSUANCE AND TO AUTHORIZE THE USE OF ANY AVAILABLE FUNDS TO PROVIDE AN ALTERNATIVE INTERIM FUNDING SOURCE; AND FOR OTHER PURPOSES.

---

**In the HOUSE OF REPRESENTATIVES**

**Offered by Representatives:** Arnold I. Palacios, Francisco DLG. Aldan, Pedro P. Castro, Heinz S. Hofschneider, Herman T. Palacios, Norman S. Palacios, Daniel O. Quitugua, Andrew S. Salas, Manuel A. Tenorio S. Torres.

**Date:** July 22, 2003

Referred to: N/A  
Public Hearing: None  
Standing Committee Report: None

**Action of the HOUSE OF REPRESENTATIVES**

**Passed      First and Final Reading      July 22, 2003**

---

**In the SENATE**

Referred to: N/A  
Public Hearing: None  
Standing Committee Report: None

**Action of the SENATE**

**Passed      Final Reading      July 24, 2003**

---

  
Evelyn C. Fleming  
House Clerk

**THIRTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE**

**SIXTH SPECIAL SESSION, 2003**

**PUBLIC LAW NO. 13-56  
H. B. NO. 13-317, HD1**

**AN ACT**

To fully fund the dialysis centers in the first and second senatorial districts by appropriating account balances from the CDA asset accounts in the amount of \$2,000,000, and to fully fund the Commonwealth Prison Project by amending PL 12-64, as amended, to specify the revenue source for repayment of bond issuance and to authorize the use of any available funds to provide an alternative interim funding source; and for other purposes.

**BE IT ENACTED BY THE THIRTEENTH NORTHERN MARIANAS COMMONWEALTH  
LEGISLATURE:**

1       **Section 1. Findings and Purposes.** The Legislature finds that the  
2 Commonwealth Prison Project, a CNMI Capital Improvement Project, is in need of  
3 additional financing to complete the construction of a prison in compliance with applicable  
4 standards of a long-term incarceration facility. The Legislature recognizes that Section 7 of  
5 Public Law 12-64, as amended by Public Law 13-18, appropriated funds to the  
6 Commonwealth Prison Project and to build dialysis treatment facilities on the islands of  
7 Tinian and Rota. These projects have remained unfunded due to CDA's inability to borrow  
8 funds due to the absence of any reliable funding source for repayment.

9       This Act addresses the funding quandary by first appropriating a total of \$2 million  
10 from account balances of the Development Banking Division asset accounts of CDA to fully  
11 fund the dialysis centers in the first and second senatorial districts. Second, this Act provides  
12 funding for the prison's shortfall from the loan provided under section 7 of Public Law 12-  
13 64, which this Act revises by identifying a specific source of repayment presently available  
14 for such purpose. Further, given the eminent need for funding of the prison project, an  
15 interim financing source must also be identified until such time as CDA can obtain necessary  
16 financing. Therefore, CDA is authorized to use any available funds at its discretion to  
17 finance the prison project under P.L. 12-64, as amended.

PUBLIC LAW NO. 13-56  
HOUSE BILL NO. 13-317, HD1

1       **Section 2. Appropriation.** From the account balances of the Development Banking  
2 Division asset accounts of the Commonwealth Development Authority, the sum of  
3 \$2,000,000 is hereby appropriated as follows:

4               (a) \$1,000,000 for A&E and construction costs of the First Senatorial  
5 District dialysis center, and

6               (b) \$1,000,000 for A&E and construction costs of the Second Senatorial  
7 District dialysis center.

8       Expenditure authority over funds appropriated under this section shall be the Secretary of  
9 the Department of Public Health.

10       **Section 3. Repealer and Re-enactment.** Section 7(d) of PL 12-64, as amended, is  
11 hereby repealed and re-enacted to read as follows:

12               “(d) The Commonwealth Development Authority is hereby authorized to  
13 borrow a sum not to exceed \$11,000,000 from a financial institution or other sources  
14 for the financing of the special appropriation projects under this section. Repayment  
15 of the funds borrowed under this subsection shall be made at the discretion of the  
16 CDA Board of Directors and shall include, but is not limited to future interest  
17 earnings of the bond fund provided by P.L. 11-102, future loan repayment by the  
18 Commonwealth Utilities Corporation, Commonwealth Ports Authority, and Northern  
19 Marianas Housing Corporation, future dividend payments by CUC and CPA, and any  
20 future bond issue for CIP projects including but not limited to bond issues pursuant to  
21 P.L. 13-17, as amended. Such borrowing shall carry the pledge and full faith of the  
22 Commonwealth of the Northern Mariana Islands. Such pledge, if necessary, will  
23 contain identification of general fund revenues to be appropriated for full and/or  
24 partial payment of the authorized loan. Such appropriation shall be continuous until  
25 the loan is paid in full. The CDA Board of Directors, with concurrence of the  
26 Department of Finance, on behalf of the Commonwealth government, may execute a  
27 loan agreement for purposes of this section. Provided, however, the term of the  
28 public indebtedness may not exceed ten years, the rate of interest may not exceed the

PUBLIC LAW NO. 13-56  
HOUSE BILL NO. 13-317, HD1

1 competitive prime rate prevailing at the time of closing. The interest costs of such a  
2 loan shall be free of related taxes to the lender. The loan amount shall be limited to  
3 providing financing for the unfunded balance of the prison project.

4 Notwithstanding any other provision of law, in the event that CDA is unable  
5 to immediately secure a loan to finance the completion of the prison, CDA is hereby  
6 authorized to use any available funds, including but not limited to funds from interim  
7 financing and/or bond issuances pursuant to P.L. 13-17, as amended, in an amount  
8 not to exceed \$11,000,000 for the completion of the prison.

9 Regardless of whether CDA secures a loan for financing the special  
10 appropriations projects or utilizes an alternative funding source as authorized in this  
11 section, those funds available and appropriated under this Act shall be limited to  
12 funding the unfunded liability for the prison project.”

13 **Section 4. Repealer and Re-enactment.** Section 3(c) of PL 13-17, as amended by  
14 PL 13-25 and PL 13-39, is repealed and re-enacted to read as follows:

15 “(c) The authorization for public debt hereunder is made only for the  
16 purpose of acquisition of real property through funding the retirement of land  
17 compensation claims against the Commonwealth, and for the purpose and  
18 amount limit set forth in Section 7(d) of PL 12-64, as amended. Provided,  
19 however, the total principal amount of indebtedness authorized herein shall  
20 not to exceed \$40,000,000 outstanding at any time, inclusive of any  
21 commission or fee, and costs of issuance, reserves, credit enhancement or  
22 other similar expenses.”

23 **Section 5. Amendment.** Section 4(d) of PL 13-17, as amended by PL 13-39, is  
24 revised as follows:

25 “(d) Transfer of Bond Proceeds to MPLA. After satisfying any  
26 commission or fee, costs of issuance, reserves, credit enhancement, interim  
27 bond financing or other similar expenses and after transferring the requisite  
28 amount for the Commonwealth prison project to the Department of Finance

PUBLIC LAW NO. 13-56  
HOUSE BILL NO. 13-317, HD1

1 for deposit into an account for the project, the CDA-appointed trustee,  
2 pursuant to Public Law 11-3, shall retain the remaining balance of the bond  
3 proceeds. The trust funds and earnings thereof are hereby continuously  
4 appropriated solely for the purpose of paying out land compensation claims  
5 subject to conditions necessary to maintain tax exemption of the bonds or any  
6 interim financing. The Commissioner of MPLA shall have expenditure  
7 authority over the trust funds subject to approval of claims by the Board.  
8 Such funds shall be drawn down from the trustee based upon procedures  
9 established by the MPLA Board and upon the concurrence of the Secretary of  
10 Finance. --

11 **Section 6. Repealer.** Public Law 13-18 which amends section 7 of Public Law  
12-64 is hereby repealed.

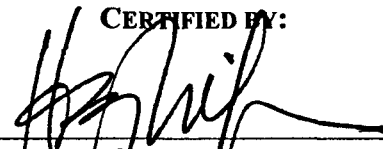
13 **Section 7. Severability.** If any provision of this Act or the application of any such  
14 provision to any person or circumstance should be held invalid by a court of competent  
15 jurisdiction, the remainder of this Act or the application of its provisions to persons or  
16 circumstances other than those to which it is held invalid shall not be affected thereby.

17 **Section 8. Savings Clause.** This Act and any repealer contained herein shall not be  
18 construed as affecting any existing right acquired under contract or acquired under statutes  
19 repealed or under any rule, regulation or order adopted under the statutes. Repealers  
20 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.  
21 The enactment of the Act shall not have the effect of terminating, or in any way modifying,  
22 any liability, civil or criminal, which shall already be in existence on the date this Act  
23 becomes effective.

PUBLIC LAW NO. 13-56  
HOUSE BILL NO. 13-317, HD1

1       Section 9. Effective Date. This Act shall take effect upon its approval by the  
2 Governor or becoming law without such approval.

CERTIFIED BY:

  
HEINZ S. HOFSCHEIDER  
SPEAKER OF THE HOUSE

ATTESTED TO BY:

  
EVELYN C. FLEMING  
HOUSE CLERK

Approved this 25<sup>th</sup> day of July, 2003

  
JUAN N. BABAUTA  
GOVERNOR  
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS